G. R. S. IX-5]

*Previous references.*

File No. 35 J/1877

191

(Banking)

Serial Nos. 1–2

*Later references.*

# GENERAL AND REVENUE SECRETARIAT.

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*Serial Nos.*

**Part B for**

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SUBJECT.

Report on the working of the Agricultural Bank at Nawanagar.

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Annexed

W D 88—GPB—50,000—21-7-16

(9)

Submitted, Secretary

The file relating to the establishment of an agricultural Bank at Nanjangud is put up. The Inspector's letter No. 78 dated 5th September/97 referred to in para 2 of his memo, was submitted to the Dewan on 9.9.97.

Secretary

Submitted for orders.

8/10

8/10/97

Please draft a short order recording this & directing where the immediate execution of the improvements & amenities pointed out by the Inspector. Also ordering the Dy Comm & Asst Comm to send their valuations by the 31st inst.

17-10-97

Gen. 30] (8)

REVENUE DEPARTMENT
Gl. No. 2456
C. No. 406
6 OCT 97
SECRETARIAT OFFICE

From The Inspector of Agricultural Banks Mysore.
Bangalore

Section ABC
No. 95 1897
Serial No. 1

To

The Secretary to the Govt. of Mysore,
Revenue and General Depts
Through
The Deputy Commissioner
Mysore District

Dated 27th September 1897

Despatched

Received

General No. 92
No.

Enclosure No. One

Submitted
T Narasimha Iyengar
Dy Comm.
Mysore Dist
27 Sept 1897

In reply to

SUBJECT.

Forwarding a Memo on the Inspection of the Agricultural Bank at Nanjangud.

References (to be entered only in the Dewan's Office).

Rev Dept
6/10/97 Ref 3 a
6/10/97

37

No 92

Agricultural Banks in Mysore

Bangalore Dated 22nd September 1897

From The Inspector of Agricultural
Banks in Mysore

To The Secretary to the
Government of Mysore
Revenue and General Departments.
Through The Deputy Commissioner
Mysore District.

Sir,

I have the honor to forward a Memo on the inspection of the Agricultural Bank at Nanjangud made by me during August 1897.

I have the honor to be,
Sir,
Your Most Obedient Servant,

Inchungeah
Inspector of Agricultural
Banks in Mysore.

Office of the Inspecton of
Agricultural Banks in Mysore

Bangalore 22nd September 1897

Memo on the inspection
of the Agricultural Bank
at Nanjangud, Mysore
District, made by the
Inspecton of Agricultural
Banks in Mysore

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Dates of inspection - 16th
to 21st August 1897.

Remarks.

In Government
Proceedings No. 5999-6002
R.F 114-95.
of 4th January 1897, sanction
was accorded for starting
a Bank at Nanjangud
with a capital of Rs 30,000
for which Rs 26,000 was -"-
advanced by Government.
Though the Bank was only
registered and incorporated
as a company under the
Mysore Companies -"-

Regulations of 1895, on the 16th July last the transactions had commenced on the 13th February 1897. There were 26 members at the beginning. This number was increased by 54 additional members on the 31st December last but their names were not registered till the 19th July 1897 and these also had been given loans prior to that date. Similarly 54 new members were again admitted on the 15th July last and their names have not yet been registered. The office is located in a small room belonging to the Agent, where he has his own dispensary. The situations of this office has not yet been registered. All these irregularities

fall under Sections 4, 57, 63 and 64 of the Mysore Companies Regulation and the President and the Agent should take steps to remedy them.

2. In addition to the advance of Rs 26,000 granted by the Government, the Members had promised to supplement it by a private deposit of Rs 4,000; but they only deposited Rs 2,766-10-7 in the course of 6 months, and withdrew Rs 2,310-4-0 during the same period leaving a small balance of Rs 456-6-7 at credit of the Bank. This account is kept current with the depositors, withdrawals being allowed at any time. Small sums are being received towards

it It would be de-
-sirable to restrict
the amount to Rs 25/-
for each deposit and
withdrawal once a month.
Regarding this, separate
reference has been made
for orders vide this
Office ltr. 98 of 15th
instant.

3. The receipts and
expenditure are shewn
in the statement appended,
from which it will be
seen that the Bank
has drawn Rs 24,690 out
of the grant of Rs 26,000
and the total amount
of loans issued during
the period under review,
was Rs 25,902. Of this sum,
Rs 1063-12-0 were repaid
leaving an outstanding
balance of Rs 24838-4-0.

There were no transactions under classes II on Joint Promotes and III on Joint instalment bonds. From the Statement of Profit and Loss at foot of the Balance Sheet, it will be observed that there is only a small balance of Rs 40-13-1 at credit of the Bank. This is due to the heavy charge on account of establishment which amounts to Rs 22/- per mensem. The Muntsaddy is paid Rs 15/- a month. The Bank authorities should reduce the pay of the clerk from Rs 15/- to Rs 10/-. He is a novice and the work is done practically by the Agent.

4. The Cash Book was

written up in an old system, receipts and charges being shown on the same page. A new form was given with instructions. The cash balances on hand on the 22nd. May and 1st. August 1897 were shown wrongly. This was due to mistakes made in totals. The cash balance as per accounts should have been Rs 48-15-8 on the 21st August 1897 but the Agent said that the actual balance was Rs 31-15-8. He said he had made two payments amounting to Rs 17 as hand loans to Members, (Velapoori Subramaniah and Bannore Sreenivasachar) and

forgot to enter them in the Cash Book, but the amount of actual cash counted, was Rs 42-6-4 and the Agent stated that the excess of Rs 10-6-4 was his private money. He was made to understand that the mixing up of private with public monies was most objectionable and that he should enter in the Cash book, all payments as soon as they are made and the cash balance shewn in the books must invariably tally with the cash in the chest.

(b) From a debit of Rs 10-2-0 on 11th March 1897 on account of printing charge, no voucher was produced. Similarly an adjustment entry

of Rs 2-15-6 appears against Gelandur Srikantiah on 28th April 1897 on account of entrance fees left with him.

(c) A cash credit of Rs 40/- is shown on the 11th March 1897 as is paid by the Agent, being the entrance fee of 80 new members. He seems to have however recovered Rs 33 from 66 of them and as he did not receive the balance of Rs 7/- from the others, he quietly debits Rs 7/- as refunded to these members and takes away the amount.

(d) There also appears a credit of Rs 1-4-0 being the sale of 5 copies of Memorandum

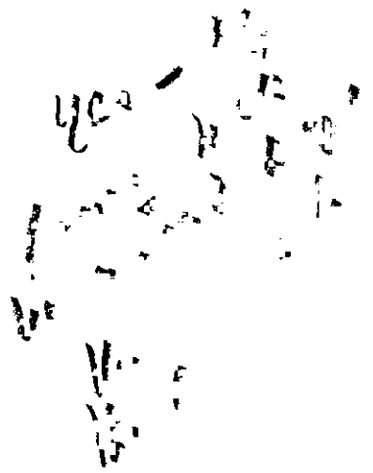
and articles of association for Agricultural Banks to non-members. The Agent explained that he was supplied with 47 books from the Taluk Cutcherry for the use of the bank and he sold 5 of them at 4 annas each. The Amildar will be asked to state under whose authority he supplied the Bank with the books when they were intended to be given to other than the already established banks. The Agent was asked to return the remaining copies to the Taluk Cutcherry.

(e) The Cash Book was not examined by the Auditors for the past half year. Instructions

have been given that they should do so every half year and attach their certificate.

5. The property owned by the Members has not been valued by any Government Officer. This is being done by the Directors on receipt of applications for loans. The Inspector observed that in each and every case there was a great difference between the original valuation and that now made by the Directors. When the Members made an application to open a bank, they seem to have set ~~very~~ high value upon their properties but now that the bank is sanctioned, the Directors are valuing

1 Venkateshabatta
2 Appraniah
3 Venkatasha Bopadra
4. Kumaraswamy Shikshatarn
5. Vendanta Shankernarnappa
6. Srikanta Sastry
7. Mallor Srikantiah
8. Bannore Rangachar
9. Chendrasakariah
10. Mooller Chicksoobbiah
11. Veerabadriah
12. Moorda son of Nanjundiah



the lands very fairly and granting the loans. Undersigned has found this to be so by inspecting the lands of 12 members as detailed in the margin. It is however desirable to depute an officer to have the whole property valued for the future guidance of all concerned.

6. In the duplicate copy of the articles of association filed in the Bank office, Rs 1,000 is entered as the limit to be paid to a member on the hypothecation of his property and Rs 1125 as the limit of the loan to be taken by himself and others on his security. This rule has been violated in the following

following two cases.

Raghavendra bhar
Lakshminarana bhar
Goobbanna bhar } Rs 1,500

Guru Venkatachar
Mudu Krishnachar
Sridara Moorthia
bhar ——— } Rs 2,000

All the lands possessed by a member were not hypothecated but only such portions of them as were required for the amount of loan applied for. The rest were included in another bond executed by himself and another member and money drawn for his own benefit in excess of the limit of Rs 1,000 allowed in the articles of association. No mention of repayment of loan by equal annual instalments is made in the documents.

This is in violation of the paras 42 and 46 of the Articles of Association.

7. Interest is being recovered in arrears. This is also allowed to be paid at any time for any portion of the year pending final adjustment at close of the account. This being irregular, the Agent was ordered to place the matter before the General Assembly under para 52 of the articles of association.

8. The payment of loans on the security of immovable property has not been regulated by any fixed principle. One is paid one half of the estimated value and another three-fourths

and so on. The General Assembly should fix some data for the guidance of the Directors. It is desirable that not more than one half the estimated value ~~should be~~ granted as a loan.

9. It was resolved in the General Assembly that the marginally noted villages included in the Memorandum of Association should be excluded from the jurisdiction of the Bank as they are more than 4 miles distant from Nanjangud. Under the companies regulation, the Bank authorities have no power to alter any provisions in the Memorandum of association.

1 Belagodi.
2 Iggli
3 Thayanoo
4 Thonnamurala
5 Bellale
6 Kaggalura

10. The Members have taken loans to clear encumbered debts and

also to bring under cultivation lands under the Kanpur and Hulla-hally channels.

108 members have newly joined the Bank. They are in urgent need of loans. The Bank has applied for a further advance of ~~Rs~~ 30,000 and this application is now pending with the Amildar.

Inspector of Agricultural Banks in Mysore.

# Balance Sheet of the Nanjangud Agricultural

## Receipts and Liabilities

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| I Funds | To Advance sanctioned by Government in Proceedings No. 5997-6002 R. 7114-95 of 4th January | | 26,000 | 0 | 0 | | | |
| II Debts due by the Bank | To amount drawn from the Government Treasury | | 24,690 | 0 | 0 | | | |
| | To Deposits | | 2,766 | 10 | 7 | 27,456 | 10 | 7 |
| III Profits | To interest received on loans Class I | | 325 | 5 | 0 | | | |
| | do do II | | 15 | 6 | 0 | 340 | 11 | 0 |
| | To Loans repaid | | 1,063 | 12 | 0 | 1,063 | 12 | 0 |
| Miscellaneous | Entrance Fees | | 67 | 0 | 0 | | | |
| | Fines Fee | | 2 | 10 | 3 | | | |
| | Sales of Forms | | 1 | 4 | 0 | 70 | 14 | 3 |
| | Total | | | | | 28,931 | 15 | 10 |

Profit and

| | | | |
|---|---|---|---|
| Interest paid to Government | 201 | 10 | 7 |
| Establishment and other charges | 162 | 3 | 0 |
| Interest paid to Depositors | 6 | 14 | 7 |
| Profit | 40 | 13 | 1 |
| Total | 411 | 9 | 3 |

Office of the Inspector of Agricultural Banks in Mysore
Bangalore Dated 22nd September 1897

Bank made up to 21st August 1897.

| | Charges and assets | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| I Property held by the Bank | Plant By Furniture | | | | | | | |
| II Debts owing to the Bank | By loans on class I upon the security of immovable property | 24,323 | 0 | 0 | | | | |
| | do on class IV on * | | | | | | | |
| | Meubadala or Hand loans | 1579 | 0 | 0 | 25,902 | 0 | 0 | |
| III Remittance to Government | Remittance on account of excess Cash Balance | 300 | 0 | 0 | | | | |
| | By interest paid to Government | 201 | 10 | 7 | 501 | 10 | 7 | |
| IV Establishment and Miscellaneous | Establishment Salaries, Contingencies and other items | 162 | 3 | 0 | 162 | 3 | 0 | |
| V Deposits | By refund of Deposits | 2,310 | 4 | 0 | | | | |
| | By interest | 6 | 14 | 7 | 2317 | 2 | 7 | |
| VI Cash and Investments | By Cash in the hands of the Agent | | | | 487 | 15 | 8 | |
| | Total | | | | 28,931 | 15 | 10 | |

Loss Account

| | | | |
|---|---|---|---|
| To Interest received | 340 | 11 | 0 |
| Miscellaneous including entrance fees | 70 | 14 | 3 |
| Total | 411 | 9 | 3 |

Inspector of Agricultural Banks in Mysore.

Section 3829
35-1897
2

Progs. of the Govt. of Mysore

(10) 9[illegible]

Read:- Letter No: 92 dated 22d Septr. 1897 from the Inspector of Agricultural Banks in Mysore. Submitting through the Dy. Commr. Mysore District, a Memo. on the Inspection of the agricultural Bank at Ramjangud.

Order thereon.

No. 3949-50 & 1.11.97.
R.7.114-95-1.

Recorded.

2. Govt. observe that the immediate correction of the omissions and irregularities pointed out by the Inspector of agricultural Banks, should be insisted upon. It should be pointed out to the authorities of the Bank that their resolution to exclude Belagodi and five other villages from the jurisdiction of the Bank on the score of their being situated at a distance of more than 4 miles from Ramjangud is improper as under the Company's regulations they have no power to alter any of the

provisions in the Memorandum of association — —

The Dy. Commissioner is requested to have the property owned by the members, valued by the Amildar as early as practicable.

Sec'y's Order

Draft 23/10/97

Secretary.

Yr. 22/10/97

The Dy. Comm.

Mysore Dr.

" Inspector of Agricultural Banks.

Draft

22.10.97